

Meeting Notes

Project 2008-06 Cyber Security Order 706 Standard Drafting Team

August 14-16, 2012
Columbus, OH

Administrative

1. Introductions and Chair's Remarks

The chair brought the meeting to order at 8:02 a.m. ET on Tuesday, August 14, 2012 at AEP Headquarters. Meeting participants were:

Members		
Rene Bourassa, Hydro Quebec	Jay Cribb, Southern Company	Sharon Edwards, Duke Energy
Christine Hasha, ERCOT (via conference call)	Philip Huff, Vice Chair, AECC	Jerry Freese, AEP
Doug Johnson, Exelon	John Lim, Chair, Consolidated Edison	Scott Mix, NERC
Steven Noess, NERC Advisor	Robert Preston Lloyd, Southern California Edison	David Revill, GA Transmission
Kevin Sherlin, SMUD (via conference call)	Thomas Stevenson, Constellation	John Varnell, Tenaska Power Services (via conference call)
William Winters, APS (via conference call)		

Observers		
Michael Bailey, FirstEnergy	Peter Buerling, FirstEnergy	Randy Calhoun, AEP
Bryan Carr, PacifiCorp	Trey Cross, ACES Power Marketing	David Dockery, AECl
James Fletcher, AEP	John Fridye, Ventyx	Doug Hohlbaugh, FirstEnergy
Annette Johnston, MidAmerican Energy Company	Michael Keane, FERC	Sharon Koller, Alliant Energy

Observers		
Collin Martin, ONCOR	Dan McAveley, Progress Energy	Don Miller, FirstEnergy
Nathan Mitchell, APPA	Jeremy Morgan, Progress Energy Carolinas	Brian Newell, AEP
James Rappach, AEP	Troy Rhoades, FirstEnergy	Carlo Santarelli, AEP
Tim Sheerer, FirstEnergy	Josh Smith, Southern Company Services	Ryan Stewart, NERC
Jennifer White, Alliant Energy	Spencer Young, PacifiCorp	

2. Determination of Quorum

The rule for NERC Standard Drafting Team (the team or SDT) states that a quorum requires two-thirds of the voting members of the SDT. Quorum was achieved as 14 of 16 total members were present.

3. NERC Antitrust Compliance Guidelines and Public Announcement

The NERC Antitrust Compliance Guidelines and public announcement were delivered.

Agenda Items

1. The SDT reviewed the upcoming timeline as there are a few time sensitive areas the SDT needs to address. The timeline discussed and agreed to is:

- 30-day comment period from approximately September 12 – October 12, 2012.
- 10-day ballot period during the last ten days of the 30-day comment period.
- SDT conference calls September 5-6, 2012 to discuss and finalize quality review (QR) consideration.
- SDT face to face meeting to address comments prior to recirculation ballot.
- Recirculation ballot shortly after the face to face meeting.
- Board of Trustee (BOT) approval at its November 2012 meeting if recirculation complete or in December 2012.
- Filing with FERC shortly after BOT approval to meet deadline in Order No. 761.

2. Major Issues and Actions

The focus of the meeting was to discuss the proposed self-correcting language for the applicable Requirements, discuss CIP-002-5 through CIP-011-1 regarding changes from the second draft to the current state of the standards for consensus and approval for submission to QR, and discuss the CIP Version 5 Definitions document.

In summary, Tuesday focused on the zero defect approach to the applicable Requirements within the CIP standards, the review of CIP-002-5, CIP-003-5 and CIP-005-5. Wednesday focused on the draft CIP-006-5 Reliability Standard Audit Worksheet (RSAW) and the continued review of CIP-005-5 and CIP-007-5. Thursday focused mainly on the development of the Implementation Plan as well as the review of CIP-004-5 and CIP-006-5. Among several issues identified during these meetings for continued team discussion include, but are not limited to:

- a. Standards approach moving from *whether* deficiencies occur to *correcting* deficiencies. The SDT took a straw poll to determine if the SDT is comfortable with including language at all on this issue. The proposal is whether the SDT is in support of including language in the applicable Requirements to support the concept of identify, assess and correct. The straw poll reflected team consensus. The SDT is in support of using the language.
- b. Stemming from the discussion above, the team reviewed different proposals from industry stakeholders regarding the self-correcting language. Many of the proposals included detail language indicating what *is not* a violation, and other proposals modified “process” instead of “implement.” The team agreed with the concept of many of the proposals, but they agreed that many of the concepts in the proposed alternative language would be more appropriate in other compliance monitoring documents, such as an RSAW. The SDT is moving forward with the current proposal of the language (#1). The SDT will provide outreach to stakeholder groups on this language to solicit feedback and comments to gauge the industry’s reaction.
- c. The SDT discussed slides on the CIP Version 5 approach for correcting deficiencies. The approach shifts focus from *whether* deficiencies occur to *correcting deficiencies*. As mentioned above, a number of proposals to incorporate the identify, assess, and correct deficiencies language were provided prior to the meeting, and the team returned to the language of “implement, in a manner that identifies, assesses, and corrects deficiencies...” It is important to note that the language does not *require* an entity to have internal controls but provides flexibility to an entity if it is using an internal controls or compliance management approach.
- d. The SDT discussed whether the self-correcting language should be in all Requirements or only certain Requirements. The SDT determined that it is only appropriate in certain requirements, such as highly recurrent or documentation-type requirements, and that other requirements are more binary in nature with respect to meeting the required performance. Furthermore, using it selectively further supports a risk-informed approach that recognizes that some requirements should be performed without flaw. As such, the approach will only be included for approximately half of the Requirements.
- e. The SDT reviewed the draft RSAW for CIP-006-5, which was modeled after the COM-003-1 RSAW. The SDT expects that the other nine RSAWs will be developed with continued industry

and SDT input following approval of the CIP Version 5 standards. NERC plans to post this draft RSAW as an informational document concurrent with draft 3's posting for successive ballot.

- f. The SDT reviewed the implementation plan. There was discussion regarding the effective dates and how Version 4 of the CIP standards will impact Version 5. NERC is working on a smooth transition for each Version. In the implementation plan for the CIP Version 5 standards, the SDT had previously proposed to extend Version 3 until the effective date of Version 5. In doing so, the effective date proposes that Version 4 will be superseded by Version 5 and not go into effect. Even though Version 4 has been approved by order, the SDT always contemplated such approval during the development of the implementation plan language. That order does not change the SDT's proposal. The expectation of the order is why the SDT included language implementation plan's effective date to specify that the extension of Version 3 until Version 5, and that Version 4 would not go into effect, would occur "notwithstanding any order to the contrary." There is no change in the SDT's intent and proposal to extend Version 3 until Version 5, and for Version 5 to supersede Version 4, notwithstanding the recent order approving Version 4. The SDT also understands, as is the case for any standards proposal by the industry, that the proposal is subject to approval by appropriate regulatory authorities.
- g. Within the individual standards for CIP Version 5, the effective dates have been modified so that they are specific to the particular standard. In doing so, the reference to extending Version 3 and superseding Version 4 has been removed, as the Implementation Plan is the appropriate place for that language (where it remains, as described above). Thus, while there is no change to the SDT's proposal, you will notice that the individual, standard-by-standard effective dates have been modified to the correct style and form.
- h. There was a general discussion with regards to what the questions will be during the next posting. Since this is the third posting, the SDT has reviewed thousands of pages of perspectives, and it is not looking for the volume of comments previously submitted. It believes that the set of standards being prepared for posting reflect careful consideration of the varied formal and informal inputs into the process that reflect a consensus position. As such the SDT agreed that to keep the number and amount of questions to a minimum.

3. Action Items and Next Steps

- a. NERC has already announced the September 11, 2012 webinar, and it will send an announcement for September 21, 2012 webinar, along with reminders for both of the webinars as the date approaches.
- b. A subteam of the SDT and Observer collaborators is working on VSLs and will provide them to the SDT within two weeks of the meeting.
- c. The SDT Chair will finalize the consideration of directives and will provide that to the SDT for submittal to QR.

- d. An SDT member will provide language in the background section for the protected cyber asset concepts.
 - e. Several other members had small areas for clarity they will provide for inclusion in the background and guidelines sections of the standards.
4. **Planning for Webinars, Full Team Calls, etc.**
- a. September 11, 2:00 – 4:00 p.m. ET.
 - b. September 21, 1:00 – 3:00 p.m. ET.
5. **Future Meeting Schedules and Venues**
- a. September 5-6, 2012, via Teleconference (11:00 a.m. – 5:00 p.m. ET each day).
 - b. October 23-25, 2012, Sacramento, CA (SMUD Hosting).
6. **Adjourn**
- The meeting was adjourned at 4:01 p.m. ET on August 16, 2012.